

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Food Information Series
United States Department of Agriculture
Office of Information
Washington, D. C.

1,914
A-5733
June 5, 1943

No. 18

Subject: Background information on butter "roll-back"

Distribution: State War Board Members, information workers

Suggested Use: I. War Board editors are asked by War Food Administration to issue releases immediately based on these facts and their local application

II. Background information for other information workers

III. Background information for war board members in answering question on the butter "roll-back."

1. The commitment of the Department of Agriculture made last December, pledging to support wholesale prices of butter at levels equivalent to 46 cents per pound, will be carried through until at least June 30, 1944. After that time the price will be supported at a level at least 90 percent of parity until two years after the end of the war.

2. Prices received by dairy farmers, therefore, should not be affected by the "roll-back" in retail prices ordered by the Office of Price Administration for June 10. Farmers should receive at least as high a price as they received prior to the "roll-back."

3. The Reconstruction Finance Corporation is financing a subsidy, as of June 1, 1943, to minimize any loss which might occur on trade inventories.

4. A subsidy of 5 cents per pound will be paid by the RFC -- to creameries making 1,000 pounds or more per month -- on all butter coming within the legal definition of that commodity.

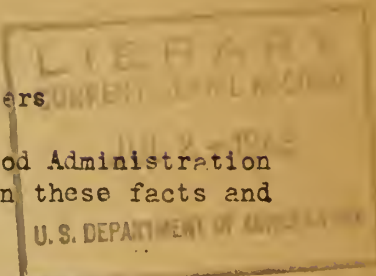
5. The need for keeping the present high milk production as long as possible.

Question: Are persons manufacturing farm butter eligible for the roll-back subsidy?

Answer: Farm butter production is not eligible for the roll-back subsidy. However, if a large dairy farmer produces more than 1,000 pounds of butter in any month of the calendar year, that person is eligible for the roll-back subsidy for the butter produced during the month in which production exceeded the limit of 1,000 pounds.

Question: Are marginal manufacturers eligible for the roll-back subsidy?

Answer: Yes. The roll-back subsidy will be paid to any manufacturer who produces butter, according to the definition, in any month and for the period in which the production exceeded 1,000 pounds.



Question: Under the Roll-Back Subsidy Program, how will small manufacturers producing less than 1,000 pounds benefit from this program?

Answer: Small manufacturers who produce less than the 1,000 pound per month limitation will not receive any benefits under the Roll-Back Subsidy Program. However, such manufacturers will be required to adhere to the price ceilings which cover large and small manufacturers.

Question: Will those manufacturers who have inventories be eligible for the 5¢ subsidy on such poundage included in inventory?

Answer: No. Creameries will be allowed from June 1 to midnight June 3 to sell all butter which is delivered prior to June 4, for 46¢; thereby such creameries having inventories will be in a favorable position to sell inventory carried over for the period prior to June 1. The 5¢ Government subsidy will be paid for that butter produced after June 1 and sold back before midnight June 3. This additional increment will offset any loss which the creameries might have as the result of any carry-over inventory.

Question: What are the roll-back points and date?

Answer: (a) Effective midnight of May 31, creameries producing in excess of 1,000 pounds per month will be eligible for the 5¢ a pound roll-back subsidy on all butter produced under the conditions of this order. The roll-back price of 41¢ at the creamery will go into effect on midnight June 3.

(b) At midnight June 6, there will be a roll-back from an average of 46¢ to an average of 41¢ at the wholesale distributors level, the extra three days here being allowed again to help wholesale distributors meet any problems which may arise out of inventory holdings.

(c) On Thursday, June 10, the 5-1/2¢ per pound roll-back at the retail level will take effect, the extra 4 days here being allowed to help retail distributors sell that inventory acquired at 46¢ rate.

Question: Are there any variations in the amount of subsidy for the difference in the score of the butter.

Answer: No. All butter coming within the definition of butter, as defined under this order, will benefit alike.

Question: Are there any provisions in the subsidy agreement or the application which insures the subsidy reaching producers?

Answer: R. F. C. expects to require certification on the application that the creamery has not reduced the price to the farmer.

Question: Why is the roll-back subsidy limited to those manufacturers producing more than 1,000 pounds per month?

Answer: For administrative reasons it was determined impractical to include those butter producers of less than 1,000 pounds per month; also, the limitation of 1,000 pounds per month represents the minimum average of commercial production.

Question: How does this subsidy affect assemblers and co-ops?

Answer: The 5¢ roll-back subsidy will be paid to any person which manufactures butter without regard as to where the milk or cream is obtained.

Question: From which agency will creameries be able to obtain copies of applications for butter production payments under Regulation No. 2 of Defense Supplies Corporation?

Answer: These applications may be obtained from the Defense Supplies Corporation's office, P. O. Box No. 6910-A, Chicago, Illinois.

Question: What records and reports must a manufacturer maintain and submit?

Answer: A -- Reports. Every person making application for payments shall file with the OPA and with the WFA the reports required of him by these agencies applicable to butter and he shall keep among his reports a copy of such reports certified to be a true copy of the original. It is recommended by RFC, to speed up payments, that creameries send their application form in the same envelope in which they send their production reports and to the same P. O. Box 6910-A, Chicago, Illinois.
B -- Records. Any person making applications for payments shall preserve for inspection, for a period of not less than 2 years after the date of filing application, books, records, and other documents, including those required in A above which furnish information in support of such application and Defense Supplies Corporation shall have the right at any time to make such examination and audits of the books, records, and other documents as may be desired.

Question: Will farmers receive less from buyers of butterfat under the Roll-Back Subsidy Program?

Answer: The buyers of butterfat will, with the subsidy which will be paid to them by the Government, be receiving as much for their butter as prior to the inauguration of the roll-back subsidy program and, therefore, will be expected to continue to pay the going prices to the farmer.

Question: May a person modify or revise his claim (s)?

Answer: Any applicant may within 30 days apply to Defense Supplies Corporation for the right to modify or revise any claims theretofore filed which are affected by any decision or interpretation and which accrued within the period of 90 days immediately preceding the first of the month following the date when such decision or interpretation was announced.

Question: What provisions were made for creameries and wholesale distributors to sell inventories of butter produced prior to June 1?

Answer: The Dairy Products Marketing Association acting for the War Food

Administration stood ready (until midnight June 3) to buy at the Government spot price of 46¢ per pound of butter manufactured before June 1, which met its specifications of grading not less than an 89 score.

Question: Which Federal agency will administer the Butter Roll-back Subsidy Program?

Answer: The Butter Roll-back Subsidy Program will be administered by the Defense Supplies Corporation of the RFC.

Question: Who will be eligible to apply for payments?

Answer: Any person who manufactures one thousand pounds or more of butter in any one establishment in any calendar month may file an application for payment on account of such butter manufactured during a calendar month after May 1943.

Question: Where should applications for the roll-back subsidy payment be filed?

Answer: Applications for payment shall be filed with the Defense Supplies Corp. P. O. Box No. 6910-A. Chicago, Illinois.

Question: When should such application be filed?

Answer: Applications shall be filed after the last day of the calendar month in which the manufacture took place and on or before the last day of a calendar month following the month in which the manufacture took place.

Question: What form should be used to apply for roll-back subsidy payment?

Answer: All applications for payments shall be filed on forms approved by the Defense Supplies Corporation and all information therein provided for shall be supplied. Only one application can be filed on account of the butter manufactured in one establishment during a calendar month, and an application cannot cover manufacture during a period longer than one calendar month. A separate application shall be filed for each establishment of the applicant.

Question: What is the meaning of the word "persons" as used by the Defense Supplies Corporation?

Answer: "Person" means an individual, corporation, partnership, association, institution or other business entity, or legal successor, or representative of any of the foregoing.

Question: What is the meaning of the word "manufacture" as used by the Defense Supplies Corporation?

Answer: "Manufacture" means to physically process milk or cream into butter without regard to the ownership of the raw material or butter.

Question: What is the meaning of "butter" as used under this Order?

Answer: "Butter" means a food product usually known as butter and which is made exclusively from milk or cream, or both, with or without salt, and with or without additional coloring matter, and containing not less than 80 percent by weight of milk fat, all tolerance having been allowed. It shall not include adulterated butter or renovated or processed butter.

Question: Will a claim be rejected if in part erroneous?

Answer: Payments will be made on the amount of butter manufactured by an applicant during the calendar month covered by application. If a claim is rejected in part or is erroneously filed a revised application may be filed.

Question: What are the terms of the payment?

Answer: Payments shall be made monthly upon preliminary approval of the claim. Preliminary approval and payment of claims shall not constitute final acceptance of the validity or amount of the claim. On a finding that the claim is invalid or defective the Defense Supplies Corp. shall have the right to require restitution of any payments or any part thereof. Any sums found to be due to Defense Supplies Corp. shall be deductible against any accrued or subsequent claim for any payment by the Corporation to the person.

Question: How soon after the person files claims may he expect reimbursement?

Answer: Payments shall be made as promptly as possible; however, remittance should not be expected under 10 days.

